



LG&E Energy LLC
220 West Main Street (40202)
P.O. Box 32030
Louisville, Kentucky 40232

April 27, 2006

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APR 27 2006

PUBLIC SERVICE
COMMISSION

Elizabeth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602-0615

**RE: CONSIDERATION OF THE REQUIREMENTS OF THE FEDERAL ENERGY
POLICY ACT OF 2005 REGARDING TIME-BASED METERING, DEMAND
RESPONSE AND INTERCONNECTION SERVICE**
ADM CASE 2006-00045

Dear Ms. O'Donnell:

Enclosed please find an original and seven (7) copies of Louisville Gas and Electric Company's ("LG&E") and Kentucky Utilities Company's ("KU") Response to the First Request for Information of Metro Human Needs Alliance dated April 12, 2006.

Should you have any questions concerning the enclosed, please do not hesitate to contact me.

Sincerely,

F. Howard Bush
Manager, Tariffs/Special Contracts

cc: Parties of Record

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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APR 27 2006

PUBLIC SERVICE
COMMISSION

In the Matter of:

**CONSIDERATION OF THE)
REQUIREMENTS OF THE FEDERAL)
ENERGY POLICY ACT OF 2005)
REGARDING TIME-BASED METERING,)
DEMAND RESPONSE AND)
INTERCONNECTION SERVICE)**

CASE NO: 2006-00045

**Response of Louisville Gas and Electric Company and
Kentucky Utilities Company to the First Request for Information
Of Metro Human Needs Alliance to all Jurisdictional Utilities
Dated April 12, 2006**

FILED: APRIL 27, 2006

**KENTUCKY UTILITIES COMPANY
LOUISVILLE GAS AND ELECTRIC COMPANY**

ADMINISTRATIVE CASE NO. 2006-00045

**Response to the First Request for Information of
Metro Human Needs Alliance to all Jurisdictional Utilities**

Question No. 1

Responding Witness: Greg Ferguson

Q-1. Under a critical peak pricing and real time pricing program, as described in the Commission's order of February 24, 2006, how would you notify customers of pricing changes so that they could make adjustments in their usage?

A-1. The critical peak pricing program described in the Companies' response to the Commission's order dated February 24, 2006 would utilize programmable thermostats with a digital readout that would indicate the pricing period in effect at any time. Additionally they would utilize an indicator light on the thermostat to indicate that critical pricing was in effect or was about to become effective.

Because the rate described is a time of use (TOU) rate with a critical (real time) component, a published schedule of the TOU periods and rates would be provided. Only the time of the critical periods, usually less than 1% of the annual hours, would be unknown more than an hour prior to the event, which is where the thermostat would be utilized to indicate that a critical period was pending or occurring.

**KENTUCKY UTILITIES COMPANY
LOUISVILLE GAS AND ELECTRIC COMPANY**

ADMINISTRATIVE CASE NO. 2006-00045

**Response to the First Request for Information of
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Question No. 2

Responding Witness: Greg Ferguson / Kent Blake

- Q-2. Provide a general discussion of what you perceive to be the pros and cons with respect to low-income utility customers of implementing a smart metering standard in Kentucky.
- A-2. Please see the Companies' responses to Question Nos. 3 and 4 of the Commission's Order dated 2/24/06.

The Companies are not aware of any pros or cons of smart metering that specifically relate to low income customers. Based upon the smart metering program discussed in Q-1, the pros and cons we see for customers in general are as follows:

Pros – Customers have an opportunity to utilize an easily understandable and usable rate structure and technology to change their usage patterns resulting in lower bills.

Cons – There will be a somewhat higher customer charge to offset the cost of the technology. If customers are not able to change their usage patterns to offset the higher customer charge, higher energy bills will result.

**KENTUCKY UTILITIES COMPANY
LOUISVILLE GAS AND ELECTRIC COMPANY**

ADMINISTRATIVE CASE NO. 2006-00045

**Response to the First Request for Information of
Metro Human Needs Alliance to all Jurisdictional Utilities**

Question No. 3

Responding Witness: Greg Fergason / Kent Blake

- Q-3. Please describe any anticipated barriers to participation in time-based rate schedules and/or smart metering programs low-income customers might face.
- A-3. Please see the Companies' responses to Question Nos. 3 and 4 of the Commission's Order dated 2/24/06.

**KENTUCKY UTILITIES COMPANY
LOUISVILLE GAS AND ELECTRIC COMPANY**

ADMINISTRATIVE CASE NO. 2006-00045

**Response to the First Request for Information of
Metro Human Needs Alliance to all Jurisdictional Utilities**

Question No. 4

Responding Witness: Kent Blake

Q-4. Provide a description of any formal or informal analysis, discussion or study of the impact of any time based rate schedules and/or smart metering programs on low-income customers you have conducted or of which you are aware. Please describe any conclusions reached and provide copies of any documentation or results of such analysis, discussion or studies.

A-4. The Companies have not conducted, nor are they aware of any such studies.

**KENTUCKY UTILITIES COMPANY
LOUISVILLE GAS AND ELECTRIC COMPANY**

ADMINISTRATIVE CASE NO. 2006-00045

**Response to the First Request for Information of
Metro Human Needs Alliance to all Jurisdictional Utilities**

Question No. 5

Responding Witness: Kent Blake

- Q-5. Would implementation of smart metering result in higher costs or rates to nonparticipating customers? Please describe any projected costs by category and amount, including any costs of installing, maintaining or reading new meters or other technology, and any systemic or program changes, such as software and billing changes, that you expect to be charged directly (or indirectly by higher rates) to nonparticipating customers.
- A-5. Please see the Companies' responses to Question Nos. 3 and 4 of the Commission's Order dated 2/24/06.

**KENTUCKY UTILITIES COMPANY
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ADMINISTRATIVE CASE NO. 2006-00045

**Response to the First Request for Information of
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Question No. 6

Responding Witness: Donald R. Thorn

Q-6. Describe in general the availability of the technology for smart meters, including:

- a) How many suppliers provide smart meters and related technology;
- b) The price range for smart meters.

A-6. a) The Companies are familiar with four suppliers of smart meters and three suppliers of related technology.

- b) Depending on technology, communications interface, and type of service, the Companies are aware of smart meters ranging in price from \$150 to \$500.

**KENTUCKY UTILITIES COMPANY
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ADMINISTRATIVE CASE NO. 2006-00045

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Question No. 7

Responding Witness: Donald R. Thorn

- Q-7. How accurate are the available smart meters? Have these meters been sufficiently tested for accuracy both prior to installation and in actual use?
- A-7. The Companies' experience indicates that smart meters are just as accurate as traditional meters. Smart meters are subjected to the same standards, accuracy specifications, and test requirements as other meters by vendors, regulatory agencies, and utilities.

**KENTUCKY UTILITIES COMPANY
LOUISVILLE GAS AND ELECTRIC COMPANY**

ADMINISTRATIVE CASE NO. 2006-00045

**Response to the First Request for Information of
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Question No. 8

Responding Witness: Donald R. Thorn

Q-8. How reliable are smart meters? Have any specific maintenance problems been identified?

A-8. The Companies' experience indicates smart meters are generally reliable. The Companies are not aware of any specific maintenance problems.

**KENTUCKY UTILITIES COMPANY
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Question No. 9

Responding Witness: Greg Ferguson / Kent Blake

- Q-9. Low income customers are often considered unable to lower energy use because of poor housing stock and/or use of older, inefficient appliances. Would you assist in enhancing or enlarging weatherization programs to help make smart meters an advantage to low-income customers?
- A-9. Smart metering and low-income weatherization are independent issues. Decisions regarding the extent of low-income weatherization programs will be made through the Demand Side Management planning process.

**KENTUCKY UTILITIES COMPANY
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ADMINISTRATIVE CASE NO. 2006-00045

**Response to the First Request for Information of
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Question No. 10

Responding Witness: Greg Fergason / Kent Blake

Q-10. If you implement time based rate schedules and/or smart metering, would you make any attempt to target any particular types of customers for participation?

A-10. Should time based rate schedules and/or smart metering be implemented as a permanent part of the tariffs, the Companies would make them available to a class of customers as availability of meters and other operating constraints permit. The Companies would not target a segment within a customer class. However, customers that have central air conditioning and electric heat offer the greatest opportunity for savings and demand reduction. In the case of a pilot or test program, operating considerations may restrict the availability during the test period to a limited number of customers because systems, supplies, and labor would likely not be scaled to full implementation until such time as the results of the pilot program dictate such action.